EXHIBIT 2

Bloomberg Transcript final

Company Name: MBIA
Company Ticker: MBI US
Date: 2012-05-11
Event Description: Q1 2012 Earnings Call

Market Cap: 1,827.78
Current PX: 9.43
YTD Change($): -2.16
YTD Change(%): -18.637

Bloomberg Estimates - EPS
Current Quarter: 0.110
Current Year: 0.480
Bloomberg Estimates - Sales
Current Quarter: 133.000
Current Year: 509.000

Q1 2012 Earnings Call

Company Participants

- Greg Diamond
- Joseph W. Brown
- C. Edward Chaplin

Other Participants

- Arun N. Kumar

MANAGEMENT DISCUSSION SECTION

Operator

Good morning, and welcome to the MBIA Incorporated First Quarter 2012 Financial Results Conference Call. At this time, all lines are in a listen-only mode to prevent any background noise. After the prepared remarks from the company, there will be a question-and-answer session. [Operator Instructions]

I would now like to turn the call over to Greg Diamond, Managing Director of Investor Relations at MBIA. Please go ahead.

Greg Diamond

Thank you, Jackie. Welcome to MBIA's conference call for the first quarter 2012 financial results. We're going to follow a similar format as last quarter's call. Jay Brown and Chuck Chaplin will provide some brief comments and then we'll open the call for a question-and-answer session. As usual, members of the press and representatives from institutions litigating against us, which is now only Bank of America and Société Générale will not be able to ask questions on the call.

After the market closed yesterday, we posted several other items on our website, including our first quarter 2012 10-Q and operating supplement. In addition, the information to access the recorded replay of today's call is available on the website via the financial results press release that was issued yesterday. The purpose of our call today is to discuss our most recent 10-Q to facilitate a greater understanding for investors.

Our company's definitive disclosures are incorporated in our SEC filings. The 10-Q also contains information that may not be addressed on today's call. Please note that anything said on today's call is qualified by the information provided in the company's 10-Q, 10-Ks and other SEC filings. Please read our first quarter 10-Q, as it contains our most current disclosures about the company and its financial and operating results. Also, please refer to our financial results release available on the website for definitions and a reconciliation of the non-GAAP terms that are included in our remarks today.

Now, I will read our Safe Harbor disclosure statement. Our remarks on this conference call may contain forward-looking statements. Important factors such as general market conditions and the competitive environment could cause actual results to different materially from those projected in our forward-looking statements. Risk factors are detailed in our 10-K, which is available on our website at mbia.com. The company cautions not to place undue reliance on any such forward-looking statements. The company also undertakes no obligation to publicly correct or

update any forward-looking statement, if it later becomes aware that such statement is no longer accurate.

And now, Jay will provide some introductory comments. Jay.

Joseph W. Brown

Thanks, Greg, and good morning, everyone. Chuck is going to take you through our first quarter results in more detail in a few minutes, but in short our significant actions to bolster liquidity and mitigate volatility resulted in a disappointing adjusted pre-tax loss for the quarter. It was driven by realized investment losses, some additional losses on insured exposures, and litigation costs and expenses; all items that have been impacting our results for the past few years.

But looking forward, I firmly believe that potential future volatility has been substantially reduced by a combination of the massive reduction in our insured CDS exposures over the past two years, the near-term prospect for collections of put-back recoverables, the continuing, albeit slow, run-out losses in our second lien RMBS exposures, and the impact of a gradually improving economy.

We've continued to make substantial progress in our risk reduction efforts at MBI Insurance Corporation. So far this year, we have commuted or agreed to commute $11.5 billion of CDS exposures. These agreements were primarily in our insured CMBS and CRE/CDO portfolio. And since 2008, we have commuted or agreed to commute over $67 billion of exposure, dramatically reducing potential future volatility and rating agency capital requirements. However, there's still some work to be done here on a handful of transactions, with a few remaining counterparties.

At the same time, our efforts continue unabated to force a handful of mortgage originators to honor their contractual obligations to repurchase ineligible loans from insured securitizations. Given the magnitude of losses MBIA has sustained as a result of their fraud, collecting these recoverables is among our highest priorities.

On this front, we are pleased that our litigation against Bank of America continues to progress positively. In addition to the January loss causation rule that was discussed in our last call, in February, we submitted our expert reports, which support in great detail the validity of our claims. And in April, the Appellate Division denied Bank of America's motion to again delay our successor liability claims, while the Supreme Court cleared the way for [ph] the process (5:53) to be completed. If the matter is not settled in the interim, we expect that it will come to trial in early 2013. Our put-back claims against Bank of America are by far the most significant work for MBIA, with the next largest claims against Ally Financial subsidiaries RFC and GMAC mortgage.

Those cases are proceeding also through the discovery process and expert reports were filed in the RFC case last month. We're well aware of the increasing likelihood that ResCap, which is owned by taxpayer-owned Ally Bank and which is the parent of RFC and GMAC, could file a bankruptcy petition. And we also know that ResCap did not make a debt service payment a few weeks ago. While this is not a good turn of events, we don't consider this to be new news.

We continuously assess the risks associated with potential financial distress and reflect changes to those risks in the credit valuation of the put-back recoverables on our balance sheet as we get new information. Obviously, as new information becomes available about the company's financial condition, including the impact of any bankruptcy, we will consider it in future evaluations of those recoverables.

While it's been a long time coming, we are finally nearing the end of the Article 78 process. The hearing is set to begin in next week and we anticipate that we will have the judge's decision before long. We are and have always been confident that the New York State Insurance Department's approval of our transformation was proper and will be upheld. So we have little doubt about the outcome.

National has a strong, stable and diversified insurance portfolio of approximately 9,000 credits and remains the largest bond insurer dedicated solely to U.S. Public Finance. With the litigation soon to be behind it, we are looking forward to National reentering by new business market in the near future. In our view, the market for bond insurance among smaller, less frequent investment grade issuers is still robust and represents a good business opportunity for well

capitalized and managed business platforms focused on that market.

Now, I'll hand it over to Chuck for a review of our financial results.

C. Edward Chaplin

Great. Thanks, Jay, and good morning. I'll provide a brief summary of our financial results and balance sheet positions and then we'll throw it open for your questions. First, our GAAP net income for the quarter was $10 million, compared to a net loss of $1.3 billion in the first quarter last year.

In the first quarter of 2012, there was a $303 million pre-tax unrealized gain on insured credit derivatives. This is attributable to early settlements of transactions for prices lower than the year-end 2011 marks to market and higher prices for underlying collateral on remaining transactions, partially offset by the impact of an improved perception of MBIA Corp.'s credit risk. This unrealized gain was offset by loss and loss adjustment expense, operating expenses and realized investment losses.

In contrast, the first quarter 2011's loss was driven almost entirely by improved perception of MBIA credit risk, which contributed a $1.4 billion pre-tax unrealized loss.

As always, we think it's important to also consider financial results where all similar insurance contracts are accounted for similarly. In this regard, we measure performance using two non-GAAP measures, adjusted book value and adjusted pre-tax income. In the first quarter both measures were primarily adversely affected by three items: one, insured losses in MBIA Corp.; two, realized losses and investment impairments in the ALM portfolio at MBIA Inc.; and, three, litigation costs.

Adjusted book value or ABV fell from $34.50 per share at year-end 2011 to $32 per share at March 31, 2012. Adjusted pre-tax loss was $548 million in the first quarter, compared to adjusted pre-tax income of $25 million in the first quarter 2011. Virtually all of the variances are associated with actions that we are taking to reduce liquidity risk, potential volatility of incurred loss, and litigation costs.

I'll talk about the segments' results on an adjusted pre-tax income basis and also make some comments about the significant actions that we've taken and the balance sheet positions of the major entities: National, MBIA Corp. and MBIA Inc., along the way.

The Public Finance segment's pre-tax income was $55 million in the quarter. Refunded premium was somewhat higher than last year, but then operating expense and incurred losses were significantly higher. The operating expense variance was driven by substantially higher litigation expenses. Statutory capital in National Public Finance Guarantee Corp. stood at $2.9 billion up from $2.8 billion at year-end 2011.

National's investment portfolio of $5.3 billion included the secured loan to MBIA Corp. of $1.1 billion as of March 31. Subsequent to the end of the quarter, the loan was increased to approximately $1.6 billion. This loan is well secured, as MBIA has pledged its put-back and excess spread recoverables on insured second lien transactions and its future installment premiums as collateral.

The Structured Finance and International segments' adjusted pre-tax loss was $446 million versus a loss of $20 million in the first quarter 2011. Premiums and fees were $92 million versus $131 million in the first quarter last year, largely reflecting the reduction of the insured portfolio from maturities, amortizations and commutations.

Net investment income declined from $48 million to $22 million. Asset balances continued to be adversely affected by the defaults of mortgage originators on their obligations to repurchase ineligible mortgages from securitizations that we insure, as well as commutations and claims payments.

Insured portfolio economic losses were $402 million in the first quarter, compared to $147 million in the first quarter last year. Losses for second lien RMBS of $133 million were affected by an expectation of increased future net payments, partially offset by expected put-back recoveries, as well as by a significant increase in reserves for future

litigation costs.

The aggregate put-back recoverable on the statutory balance sheet totaled $3.2 billion as of March 31, 2012. On ABS CDOs, we had a small reduction in expected economic losses, due to commutations at prices below the impairment amounts. There are a small handful of these transactions remaining and we believe that changes in incurred loss in the future are likely to be due to commutation activity and changes in interest rates.

Incurred losses for commercial real estate transactions this quarter were $296 million. About $60 million of that incurred loss on CMBS was driven by deterioration in the small number of remaining transactions. The balance reflects cost of commutations executed or agreed to that were in excess of the year-end 2011 reserve levels.

In aggregate, we've commuted or agreed to commute $11.5 billion of exposure since January 1. The majority of the cost of these agreements was funded through proceeds of the secured loan from National. These early settlements substantially reduce the potential future volatility of reserves.

Operating and interest expenses were also higher than last year, driven by litigation expenses and accrued interest on the intercompany secured loan from National. The segment also had invested asset impairments of $39 million, as we decided to offer a single investment asset for sale and we're now carrying it at the lower of cost or market.

MBIA Corp.'s statutory capital as of March 31, 2012 was $1.9 billion. It had an invested asset portfolio of $1.3 billion, with liquid assets being $329 million, down from $534 million at year-end 2011. Cash payments in the quarter included claim payments on second lien RMBS, surplus note interest, and litigation costs and commutations.

The trend toward lower payment each quarter on second lien RMBS, in place since the middle of 2009, was interrupted this quarter, but we believe that this is a matter of accelerated charge-offs of loans in the pipeline already, so it effect timing and not the ultimate amount. As the flow of new delinquencies continues to fall, we expect that net payments will resume their decline and ultimately we expect that there will be net inflows from the wrapped RMBS securitizations, from excess spread on performing loans within the deals. To-date, excess spread recollections have offset approximately $1.6 billion of claims payment.

Since quarter end, MBIA Corp. received $300 million in principal payments on the secured loan to the ALM portfolio at MBIA, Inc. The balance of that loan originally $2 billion is now zero. However, the loan facility has been extended for an additional year to May 2013, with a maximum outstanding amount of $450 million. Additional draws, if they are necessary, will require the prior approval of the Department of Financial Services. This facility can help us to manage potential stress liquidity needs.

MBIA Corp.'s statutory balance sheet features a $2.1 billion negative loss reserve balance. Now this is made up of $1.1 billion of expected present value of loss payments, net of excess spread recoveries, and $3.2 billion of expected recoveries related to ineligible mortgage repurchases.

The unpaid repurchase obligations has resulted in higher short-term liquidity risk within the insurance company, as we are on the one hand making payments on ensured RMBS, and on the other, the parties contractually bound to reimburse us have defaulted on their obligations.

As these expected recoverables are collected, they will be used first to repay the secured loan from National and then to rebuild a strong stable balance sheet within MBIA Corp. The recoverable on our balance sheet reflects discounts from our contract claims, which total $4.8 billion. The discounts generally reflect the risks of delay, financial distress and litigation. As Jay mentioned, we'll be monitoring events at ResCap, and as we get more information assess their impacts on the carrying value of our expected recoveries from RFC and GMAC mortgage.

Moving on from the Structured Finance segment, the Advisory segment had a small loss of $4 million in the quarter. We have repositioned the sales and marketing team in Cutwater, focusing on higher margin invested products where Cutwater's track record provides an advantage and our operating loss reflects these marketing related expenses.

The corporate segment had a loss of $10 million in the first quarter, compared to income of $5 million in last year's first quarter. The variance was associated with a smaller positive mark to market on warrants we issued in conjunction with

our capital raise in 2007 and 2008 and unrealized losses on asset sales in the first quarter of 2012. In our wind down operations, we are playing some aggressive defense. We took advantage of the global bond market rally early in the year and sold assets where we didn't expect full value recovery in the near-term.

While the sales have been on average above year-end 2011 prices, we have crystallized about $126 million in previously unrealized losses. This is the primary driver behind the $147 million pre-tax loss in the first quarter for wind down operations. The purpose of the sales is to reduce our exposure to further collateral calls, due to reductions in asset values associated with credit spread widening. The cost of holding cash, instead of these invested assets, will increase our run rate loss in wind down until the liabilities mature or are otherwise settled.

From a liquidity standpoint, the ALM portfolio and corporate activities are both conducted within MBIA, Inc. The liquidity position of ALM at March 31, 2012 was $231 million and the corporate activities had approximately $251 million. So MBIA, Inc. had $482 million of liquidity. After the quarter closed, ALM's secured loan from MBIA Corp. was repaid, reducing the MBIA, Inc.'s liquidity position by the difference between cost and market value of the collateral assets or roughly $120 million. The combination of that with negative run rate cash flows is expected to result in a reduction in the overall liquidity position of MBIA, Inc. over the balance of the year. However, we expect to maintain sufficient liquidity in the whole co over the rest of 2012 and then to receive a release of assets from the tax escrow and dividends from operating subsidiaries in 2013.

In conclusion, the significant defensive moves to reduce liquidity risk and reserve volatility that we've taken produced a disappointing quarter from an operating earnings perspective, but we are becoming more confident that we're nearing the resolution of the impacts of the financial crisis on our company.

And now, we'd be happy to respond to any questions that you may have.

Q&A

Operator

[Operator Instructions] Your first question comes from the line of Arun Kumar with JPMorgan.

<Q - Arun N. Kumar>: Good morning, Chuck and Jay. Can you hear me?

<A - C. Edward Chaplin>: Yes.

<Q - Arun N. Kumar>: A couple of questions for you. One is I'm trying to do the math, looking at your cash position and change between year-end and the end of March to try to get a handle on what the percentage of those commutations that are actually paid out. And I run through some numbers with you. You started the year-end with about $1.6 billion and you ended with $1.3 billion, but you also – so that's a net reduction of $300 million, but you also paid out your RMBS losses and your commutations. Could you point us in any direction as to what the potential payouts were for those commutations as a percentage of par?

<A - C. Edward Chaplin>: No. No. We don't comment on the prices of commutations.

<Q - Arun N. Kumar>: Okay. The second question I had, given that you've commuted $4 billion in the quarter and you have another $7 billion that you commuted since the quarter end, how has that impacted your reserving policy for future CDOs related to commercial mortgage-back and others?

<A - C. Edward Chaplin>: We have, in the past couple of quarters, we've disclosed that we had commutations where we paid somewhat more than the then-existing loss reserves. And so, we have taken that – those higher prices into account in evaluating the remaining transactions. I should note that as we think about higher prices for commutations, the probability of commutation should go up as well, so you have both things going on. And I did note that on CMBS, other than the incurred loss in the quarter related to the commutations committed or executed, we also had about a $60 million increase in reserves for the few remaining transactions, which is where that would be reflected.

<Q - Arun N. Kumar>: Okay.

<A - Joseph W. Brown>: I think, also if you look at it from the perspective of what's taken place over the last three-and-half years, when we started through the process of negotiating settlements, with the first 5% or 10% settlements didn't give us much information about the remaining 90%. We're probably 80% – somewhere between 80% and 90% through eliminating all of the volatile exposures and so we have a robust amount of information about what is the estimated cost to eliminate the few remaining transactions, and that was reflected during the quarter.

<Q - Arun N. Kumar>: Okay. Just turning to – I think you made some comments in your press release, if the need arises that could go back to National and get additional loans. Is there a number that the regulator is willing to let you take out of National in terms of the secured loans down the road? Because you've taken $400 million since the quarter that brings it close to what $1.6 billion? Clearly, National has additional resources available to it. Is there a limit that the regulators are placing on you as the amount that you could take out?

<A - C. Edward Chaplin>: All draws, any draws under that loan facility are strictly subject to the Department's approval and there are no fetters or requirements associated with it.

<Q - Arun N. Kumar>: Okay.

<A - C. Edward Chaplin>: It's in their discretion.

<Q - Arun N. Kumar>: In terms of the surplus note, clearly, I think we talked about it in the last call and previous calls, it's costing you about – costing exactly $140 million or so, excluding the amounts that you've bought back in the market. Given that the regulator's permitting National to give money to MBIA for commutations and otherwise, is there any move to shut off the payments on the surplus notes at this point, given that other recoveries from B of A or other parties is clearly taking a fair amount of time and the same time the surplus notes are draining the resources available at the MBIA Insurance Corp.? Have there any be discussions with them on that issue?

<A - C. Edward Chaplin>: Hey, Arun, when you asked your first question I was so focused on the question that I failed to say good morning. Good morning.

<Q - Arun N. Kumar>: Good morning, Chuck.

<A - C. Edward Chaplin>: The surplus, again, the surplus note interest payments are subject to the insurance department, the Department of Financial Services prior approvals and they take each one as they come. So I don't have any information to offer about the next payment, which is July 15. I can tell you that the January 15 payment was approved by the Department and when the company thinks about liquidity management and liquidity planning, we assume that we are paying the surplus of payments because from our perspective it's a debt.

<Q - Arun N. Kumar>: Okay. But you – have you got your approval for the July payment, which is upcoming? Or is that something that you'll ask just a couple of weeks before you eventually make that payment.

<A - C. Edward Chaplin>: Yeah, generally, we request approval of the payment about 30 days out from the payment date.

<Q - Arun N. Kumar>: Okay. And last question relates to B of A, you've been fairly successful in your ability to depose I think the CEO, to question him in connection with those put-backs. Has there been any progress on that front in terms of actual depositions or other meetings that have taken place?

<A - Joseph W. Brown>: We really can't comment on either what's happening in the litigation front or any discussions we're having with counterparties.

<Q - Arun N. Kumar>: Okay, and you said that the trial date you expect sometime in early 2013. And that is based on the level of dialogue you're having with them? Or it's just your expectation that it would come to trial at that point, if you don't reach a settlement?

<**A - Joseph W. Brown**>: There is – based on where we are in a trial and the schedule that's been agreed to by the two parties, the schedule would suggest that a trial should occur in early 2013. As we've, unfortunately, learned there can be delays and surprises and detours along the way and that can consume time and push it out. But our current best estimate is early 2013.

<**Q - Arun N. Kumar**>: Okay. And the connection of the put-back you said you have on your balance sheet at this point $3.2 billion, but the amount that you could book as a recoverable could be substantially higher. I think the amount you said $4.8 billion or even higher than that. Why wouldn't you book the addition amount of recoveries?

<**A - C. Edward Chaplin**>: Again, the $4.8 billion is what we estimate the value of the contract claims to be and it's based on our incurred losses to date. I should note that the claim that we're actually making in the litigation is higher than that because there are interest and other costs associated with it. But $4.8 billion would be the limit of what would be available to be booked to the balance sheet today.

But then we value that $4.8 billion contract claim like any other receivable, trying to take into account the potential for collection to be delayed, for the counterparts to have financial distress that make them unable to pay a judgment or to pay a settlement. And the potential associated with the litigation itself, its delays and costs. So there are kind of array of, if you will, discounts that we take to the contract claim to get to the amount that's recorded to the balance sheet.

<**Q - Arun N. Kumar**>: Okay. Thank you.

Operator

[Operator Instructions] Your next question comes from the line of [ph] Seijon Shah (30:46) with Morgan Stanley.

<**Q**>: Thanks for the call, gentlemen. My questions row around MBIA UK. I had a couple of questions. The first was will you be expecting any dividends from MBIA UK this year? Secondly, in the quarter, could you comment on how the equity position as booked on the core balance sheet has changed? Then have you had any claims from the UK portfolio? And finally, could you comment on your expectations for the strategy around this division? Looking at the portfolio it seems less problematic than the U.S. portfolios. Could this entity go for a standalone rating or anything like that?

<**A - C. Edward Chaplin**>: Maybe I'll take the first three or four of those and then Jay will jump in; this is Chuck. We currently are not planning for a dividend from the UK company to MBIA Corp. in the calendar 2012. We account for it on the equity method for statutory reporting and of course it's consolidated for GAAP. It contributes – MBIA UK contributes positively to net income. It contributes positively in investment income on our statutory books and, of course, it -- to pre-tax income for GAAP. So it is a positive contributor.

Its portfolio is one that is performing pretty well. And there, with respect to claims, there've been no claims by MBIA UK against the network maintenance or reinsurance agreement that it has with MBIA Corp. Over time, MBIA UK also does make claim payments to its policyholders, but there hasn't been anything of a magnitude that would come through to the parent.

And then the strategy?

<**A - Joseph W. Brown**>: Yeah. In terms of looking at MBIA UK, it had a smaller proportion of structured finance than MBIA Insurance Corp. in the United States had. Among those different transactions, there's only one transaction of any significance that's left to deal with, most of the others have either run off or been commuted away, or are scheduled to run off in the next couple of years. So we have a very different portfolio there and right now we're waiting until we get through the litigation because any rating they would achieve either on a standalone basis would be impacted the same as National's been impacted by the litigation effect that the rating agencies have assigned as a limiter on what would be a standalone rating.

So that'll be something that we'll be addressing later this year, in terms of what our actual plans for that division are. But it continues to be very profitable. It continues to a have a substantial portfolio, high quality portfolio, both on the

insured side and the invested assets side. So it is an asset for the corporation that we intend to take advantage of in the years ahead.

<Q>: Thank you. And, sorry, I just wanted to go confirm, you said there had been no claims under the reinsurance and net worth agreements. Have there been any claims actually paid out by the UK entity in the quarter?

<A - C. Edward Chaplin>: I think in the history...

<A - Joseph W. Brown>: Not in the quarter, in the history of the company there's been I think two claims...

<A - Greg Diamond>: Detailed in the annual statements that are available up on the website.

<Q>: Yeah. No. I just wanted to check for the quarter.

<A - Joseph W. Brown>: Nothing for the quarter.

<A - C. Edward Chaplin>: Yeah. For the quarter, I don't believe there were any.

<Q>: Great. Thanks very much.

Operator

Thank you. That was our final question. I'll now turn the floor back over to Mr. Diamond for any closing remarks.

Greg Diamond

Thank you, Jackie. We did respond to all the questions that were in the queue today. Thanks to all of you who have joined us for today's call. Please contact me directly if you have any additional questions. I can be reached at 914-765-3190. We also recommend that you visit our website for additional information. The address for our website is mbia.com. Thank you for your interest in MBIA. Good day and good bye.

Operator

Thank you. This concludes today's conference call. You may now disconnect.